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U.S. INTERNATIONAL TRANSACTIONS: FIRST QUARTER 2004

Preliminary estimates of Current-Account Balance

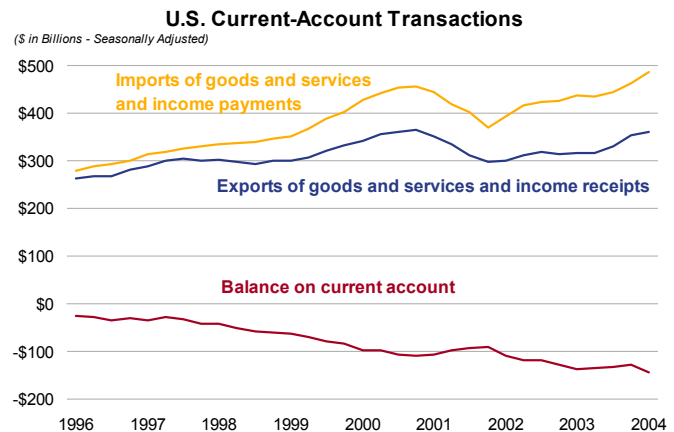
Current Account

The U.S. current-account deficit—the broadest measure of receipts and payments for trade in goods and services, income, and net unilateral current transfers, such as gifts—increased to \$144.9 billion (preliminary) in the first quarter of 2004 from \$127.0 billion (revised) in the fourth quarter of 2003.

The deficit on goods increased to \$150.8 billion from \$139.4 billion, as goods imports increased much more than goods exports. More than half of the increase in imports was accounted for by industrial supplies and materials; consumer goods and capital goods also increased. Much of the increase in exports was in industrial supplies and materials and in capital goods.

The surplus on services decreased slightly to \$13.8 billion from \$13.9 billion, as services payments increased more than services receipts. The increase in payments was more than accounted for by increases in “other” transportation (such as freight and port services) and in “other” private services (such as business, professional, and technical services, and financial services). The largest increases in receipts were in “other” private services and in “other” transportation.

The surplus on income decreased to \$12.7 billion from \$16.2 billion, as income payments increased much more than income receipts. Much of the increase in payments was accounted for by an increase in direct investment payments. The increase in receipts was more than accounted for by an increase in “other” private receipts (which consists of interest and dividends).



Financial Account

Net recorded financial inflows—net acquisitions by foreign residents of assets in the United States less net acquisitions by U.S. residents of assets abroad—were \$158.3 billion in the first quarter, down from \$168.7 billion in the fourth.

U.S.-owned assets abroad increased \$289.3 billion in the first quarter after they had increased \$61.6 billion in the fourth. Among these assets, U.S. claims on foreigners reported by U.S. banks increased very strongly in the first quarter after they had decreased in the fourth. Financial outflows for U.S. direct investment abroad and for U.S. claims on foreigners reported by U.S. nonbanking concerns both strengthened. In contrast, net U.S. purchases of foreign securities slowed.

Foreign-owned assets in the United States increased \$447.6 billion in the first quarter after they had increased \$230.3 billion in the fourth. U.S. liabilities to foreigners reported by U.S. banks and nonbanking concerns increased much more in the first quarter than in the fourth, net foreign purchases of U.S. Treasury securities increased strongly, and net financial inflows for foreign direct investment in the United States increased. In contrast, net foreign purchases of U.S. securities other than U.S. Treasury securities slowed.

BEA's data—including GDP, personal income, the balance of payments, foreign direct investment, the input-output accounts, and economic data for states, local areas, and industries—are available on its Web site: <www.bea.gov>.

NOTE: A revised estimate of the first-quarter current-account balance—and new estimates of the second-quarter current-account balance—will be released on September 14, 2004.

Contact: Ralph Stewart 202-606-9690

Bureau of Economic Analysis
U.S. Department of Commerce